

Implementing a dormant accounts scheme in Wales: a consultation

August 2008



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



Foreword by Alun Ffred Jones, Minister for Heritage



The dormant accounts fund presents us with a golden opportunity in Wales. This fund, identified by the UK Treasury, is made up of bank and building society accounts that have not been accessed by customers for at least 15 years. It is unclear at present how much money is available from dormant accounts but over the life of the fund we expect a significant sum of money to be invested, and we want your help in deciding how and where it should be spent.

This consultation document outlines some of the priorities we, as Welsh Assembly Government, have identified for the fund. This is based on evidence we have of the areas of need and areas we believe that are important for us to invest in during our term of office that will deliver long-term impact. This underlines the commitments we have made in the One Wales manifesto to support those communities most in need.

The Big Lottery Fund (BIG) has been identified as the most suitable organisation to deliver this work on an UK level. Here in Wales we have asked BIG to consult with key stakeholders and interested parties to collate views on the proposed priorities and what is the best way to deliver this initiative.

The consultation period will run for 14 weeks from 8 August and therefore there is plenty of time for you to contribute your thoughts, either through responding to the consultation document itself, or by attending one of the events BIG will be organising across the country.

The responses will be collated and analysed by BIG and presented to the Welsh Assembly Government for consideration in Spring 2009. We will announce in the summer of 2009 the agreed spending priorities and the mechanism for delivering the dormant accounts fund.

I hope you will be willing to contribute to this consultation and I look forward to hearing your views.

Thank you

Alun Ffred Jones
Minister for Heritage, Welsh Assembly Government

1. Background to the Dormant Accounts Fund

What are dormant accounts?

Dormant accounts are bank and building society accounts that have not been accessed by customers for at least 15 years. Since 2005, the UK Government has been working with banks and building societies to design a scheme to allow money in dormant bank and building society accounts to be reinvested in society.

After consulting on its proposals, the Treasury introduced a Bill to Parliament in November 2007. This set out the provisions for a dormant accounts scheme that will redistribute these unclaimed funds to address specific needs in communities across the UK. It is unclear at present how much money is available from dormant accounts but over the life of the fund we expect a significant sum of money to be invested in Wales. The scheme will be launched during 2010.

Where will the money be invested?

In Wales, the Welsh Assembly Government will decide how funds from dormant accounts will be spent. The money must be spent on things that are additional to what the Government already provides. The decision on what to fund also takes into account the important role of the third sector in delivering projects in the investment areas. By the third sector, we mean voluntary and community organisations and social enterprises.

What role will the Big Lottery Fund play?

As the Big Lottery Fund (BIG) already has the infrastructure, capacity and expertise to handle funds on this scale, it has been identified by the UK Government as the organisation that will run the scheme. BIG has been asked by the Welsh Assembly Government to consult with stakeholders on how dormant accounts money should be spent in Wales.

Why the need for consultation?

Under the UK Government's proposals, the Welsh Assembly Government (WAG) will identify the spending priorities for the Dormant Accounts Scheme in Wales so that they meet the needs of people in Wales. The Welsh Assembly Government has identified two investment areas for dormant accounts in Wales. They are underpinned by five policy aims.

What are the investment areas?

The two investment areas chosen by the Welsh Assembly Government are:

- Supporting young people to achieve their full potential working through the third sector to promote social inclusion
- Tackling climate change and promoting wider sustainable development through focused community-based activity.

What are the policy aims?

The five policy aims proposed by the Welsh Assembly Government are:

- Equip young people with the skills and competences that they need to fulfil their potential within the community in relation to employability and wider benefits.
- Involve young people in social, cultural and sporting activities within communities.
- Provide support services to re-engage young people with the wider community.
- Promote actions to combat social exclusion, especially homelessness and financial exclusion, with the aim of delivering long-term sustainability.
- Involve community action to achieve clean, healthy and sustainable local environments.

What will the consultation ask respondents to do?

This consultation will ask respondents to:

- Comment on the Welsh Assembly Government's investment areas and proposed policy aims
- Identify ways in which the policy aims can be achieved
- Comment on how the funds from Dormant Accounts should be distributed in Wales.

How do I respond to the Consultation?

This document will allow you to answer the consultation questions in the spaces provided. If you fill it in electronically, the box will expand to allow you to fit in your answer. When you have completed your response, please email it to: dormantaccountswales@biglotteryfund.org.uk

Alternatively, if you want a paper copy of the consultation document to fill in, please contact Betty Smith on 01686 611702. You should then send your response to:

**Dormant Accounts Consultation
Big Lottery Fund
6th Floor
1, Kingsway
Cardiff
CF10 3JN**

The consultation will run for 14 weeks from Friday 8 August 2008. Your response should arrive by 5pm on Friday 14 November 2008.

BIG will also be running a series of events across Wales during the consultation period. These events will allow stakeholders to discuss the Welsh Assembly Government's proposals in detail. Details of these events will be published on both the Big Lottery Fund's and Welsh Assembly Government's websites.

2. Supporting young people

Until they are about 25, young people are making the transition between childhood and becoming an adult. This journey is often a difficult one, and they need the support of their communities if they are to make this transition and achieve their full potential. Some face more challenges than others and need extra support.

This section outlines the issues associated with the area for investment that the Welsh Assembly Government has identified to support young people, which is:

Supporting Young people to achieve their full potential working through the third sector to promote social inclusion.

You will be asked to tell us where you think the most pressing need lies, and you will have an opportunity to give us examples of good practice.

You will also be asked to answer questions on the four policy aims that the Welsh Assembly Government has identified to support activities within this investment area. They are:

Policy aims

- Equip young people with the skills and competences that they need to fulfil their potential within the community in relation to employability and wider benefits.
- Involve young people in social, cultural and sporting activities within communities.
- Provide support services to re-engage young people with the wider community
- Promote actions to combat social exclusion, especially homelessness and financial exclusion, with the aim of delivering long-term sustainability.

As you read through this section, please consider the following questions before providing your answers on page 9.

- Which specific areas of need should be targeted within this investment area so that the money makes the most impact?
- How can the four policy aims identified above contribute to addressing need within this investment area?
- Please provide examples of good practice that can help to achieve the aims of this investment area.

To help you to answer these questions, the rest of this section summarises some of the key issues associated with each of these policy aims. It also gives an overview of some of the things that both the Welsh Assembly Government and the Big Lottery Fund have already done to support young people.

Equip young people with the skills and competences that they need to fulfil their potential within the community in relation to employability and wider benefits

Roughly 12,000 young people across Wales are regarded as being NEET (Not in Education, Employment or Training). By not having access to learning and employment opportunities, their life chances are reduced.

Young people can be NEET for a variety of reasons. Some may be taking time out travelling. But others face barriers to participating. They may have an insecure home environment, or may have grown up in poverty. Some may already have domestic responsibilities, such as caring for sick parents. Others might have been drawn into criminal activity. In particular, those who found it difficult to engage at school, played truant and left with no qualifications are at a greater risk of being NEET. The same may be true of those who have special educational needs.

In short, there is no one specific reason for some young people becoming NEET, and several approaches are needed to maximise opportunities for all young people in Wales, ensuring that they have access to education and employment.

Involve young people in social, cultural and sporting activities within communities

Many young people find themselves NEET as a result of being socially excluded. Socially excluded people can be marginalised from employment, have a low income, have poor social networks and don't have a say in the services and issues that affect them. In short, their quality of life can be poor.

They often do not have access to the facilities and services enjoyed by others. Whether it is through taking part in social or sporting activities, the way in which young people spend their leisure time can make a difference to their life chances as adults.

Provide support services to re-engage young people with the wider community

Taking part in community based activities can help young people to develop the 'soft' skills that allow them to make the transition from childhood to adulthood, helping them to make the right decisions. Developing skills like teamwork, decision-making and communication help young people progress into education and employment.

There are wider community benefits, too. By making a positive contribution to their community, young people are less likely to engage in anti-social behaviour, criminal activities and substance misuse. This helps to develop trust and respect between different generations in communities.

Promote actions to combat social exclusion, especially homelessness and financial exclusion, with the aim of delivering long-term sustainability

Socially excluded young people often do not have the same access to financial services that others have. This means that they find it more difficult to manage their money, plan for the future and cope with financial pressures. This leaves them more prone to running out of money and getting into debt. Young people on low incomes are particularly vulnerable to what is known as 'financial exclusion'.

Homelessness can sometimes be a factor, too. Again, the reasons behind youth homelessness are varied. They could be homeless because of violence or abuse at home, or might have left care without adequate independent living skills. Whatever the reasons, homelessness can be a significant issue for many socially excluded young people.

Responding to the needs of young people

The Welsh Assembly Government is responding to young people's needs through several key policies and strategies.

The key policy frameworks for children and young people are *Children and Young People Rights to Action (2004)*, *Extending Entitlement (2006)* and *the National Service Framework for Children, Young People and Maternity Services*. They all emphasise the universal provision of services through strategic planning and co-ordination.

The *Child Poverty Strategy* aims to meet the needs of disadvantaged young people through better co-ordinated actions to address the underlying causes of child poverty. It focuses on three main areas:

- Addressing economic inactivity, low skills and access to benefits to improve family income.
- Promoting young people's involvement in decision-making and implementing anti-discrimination measures to improve their participation.
- Improving access to services through Children and Young People's Framework Partnerships and the National Service Framework for Children and Young People.

The Learning Country: Vision into Action restates the Welsh Assembly Government's priorities on education and training for children and young people and is supported by the education frameworks for each of the key stages. There are particular priorities for managing transitions between key stages and equipping young people to respond to changing employment markets. More recently, the Welsh Assembly Government has launched a consultation on its proposals for NEET young people.

Additionally, a National Youth Service Strategy was published in July 2007 that will inject around £20 million into youth services over the next three years.

Case Study: The work of the Prince's Trust in Wales

The Welsh Assembly Government supports the Prince's Trust in Wales. The Prince's Trust works with young people aged 14 – 30 who are unemployed, in or leaving care, are in trouble with the law or are struggling at school. They offer a range of personal development programmes that improve skills, develop confidence and direct young people toward education, training and employment this gives them the self-confidence, motivation, and resilience to overcome difficult circumstances.

They also help young people to acquire skills, achieve economic independence and employment. Through practical support including training, mentoring and financial assistance they support them to realise their potential and transform their lives and to play a full part in their community.

Every year, Prince's Trust Cymru helps 3,000 young people gain the skills and qualifications they need to get a job. They achieve this through a number of projects, including:

- **Team: a 12-week personal development programme to engage and motivate young people**
- **Development Awards: £50-£500 awards to help young people access education, training and employment**
- **Community Cash Awards: for young people to implement a project that will benefit their community**
- **xl: school based development for 14-16 year olds at risk of truancy or exclusion**
- **Get Into: a short work taster course in a specific industry**
- **Business Programme: financial support for young people setting up their own business.**

The Big Lottery Fund (BIG) also has considerable experience of supporting young people through its Activities for Young People and Young Peoples Fund programmes. Through the Young People's Fund, BIG complemented the work of the statutory sector by investing over £13 million into projects supporting young people across Wales. The majority of this funding went to third sector organisations. Collectively, these projects are delivering opportunities that allow young people to:

- enjoy life and achieve their potential
- develop skills and contribute to their communities
- choose positive activities that discourage anti-social behaviour.

The programme had three strands. **Bridging the Gap** supported the development of outreach projects, which provided comprehensive advice and support services for those who were

most disaffected and disengaged. **Reaching Out** supported projects aimed at developing services that focused on young people who were at risk of, or who were already, excluded and disengaged, particularly in disadvantaged communities. **Make it Happen** provided small grants for projects developed and carried out by young people to provide a particular activity or service that they had identified, or to carry out projects that benefited their communities.

Despite these interventions, there remains a need for targeted funding for work with the most disadvantaged young people, aimed particularly at third sector organisations. Some people treat statutory services with suspicion. Some statutory services do not have direct access to the hardest to reach young people with the most pressing needs. Third sector organisations provide effective routes for engaging and building trust with young people and often have the community links that allow them to work with young people.

Case Study: The ACCESS project in Conwy

Through the Big Lottery Fund's Activities for Young People Programme, Conwy County Borough Council was awarded a grant to deliver its ACCESS (Alternate Challenging Curriculum Entitlement for Secondary School pupils) project. The project gave opportunities for young people in Conwy to engage with education, training and employment and reduce permanent exclusion from school.

The project addressed a number of local, regional and national strategies in relation to activities for young people. The scheme supported Conwy Young People's Partnership's Annual Delivery Plan, Education Strategy Plan and Extending Entitlement. It consulted extensively with individuals and organisations including the Local Education Authority, school behavioural units, Social Services, Youth Services and the Youth Offending Team (YOT) to identify areas of need.

The project aimed to promote higher attendance, better behaviour and a more positive attitude to school and widen opportunities for young people who were at risk of being excluded from school and offending. 125 young people took part in activities that aimed to enhance self-respect, increase motivation, enhance team-working skills and raise self-esteem. The scheme gave young people the opportunity to take part in a variety of accredited activities including life skills workshops, ICT training, first aid, health and safety as well as walking, swimming, circus skills and DJ music mixing.

QUESTIONS:

Which specific areas of need should be targeted within this investment area so that the money makes the most impact?

How can the four policy aims identified above contribute to addressing need within this investment area?

Please provide examples of good practice that can help to achieve the aims of this investment area.

3. Tackling climate change

Climate change is one of the most important challenges facing the world. It is a large and complex issue that doesn't just affect the environment. It has profound implications for the economy and well-being of people here in Wales, as well as across the world.

Today's climate is changing rapidly. Many scientists think this is because of a rise in the emission of carbon dioxide and other gases. These gases act as a blanket that increases the amount of heat from the sun that is trapped between the earth and its atmosphere and produces a warming effect like a greenhouse.

Research into the effects of climate change is ongoing, but it is predicted that the effects of this warming will cause:

- Higher sea levels
- More frequent storms
- Increased rainfall – potentially leading to more flooding
- Changes to weather patterns – wetter winters and drier summers.

This section outlines the issues associated with the area for investment and policy aim that the Welsh Assembly Government has identified. They are:

Tackling climate change; and promoting wider sustainable development through focused community-based activity

Policy Aim

Involve community action to achieve clean, healthy and sustainable local environments.

As in the previous section, we invite you to tell us where you think the most pressing needs are, and what good practice already exists. As you read through the information provided, please consider the following questions before giving your answers on page 14.

Which specific areas of need should be targeted within this investment area so that the money makes the most impact?

How can the policy aim identified above contribute to addressing need within this investment area?

Please provide examples of good practice that can help to achieve the aim of this investment area.

To help you answer these questions, we have again provided you with a summary of the key issues associated with this area for investment and the policy aim. The rest of this section also gives you an overview of existing Welsh Assembly Government and Big Lottery Fund action to tackle climate change.

Involve community action to achieve clean, healthy and sustainable local environments

In Wales, climate change will influence the economy by affecting food production and supply, the cost of natural resources, and the cost of insurance against storms and flooding.

The environment and landscape of Wales could also be affected. For example, we could experience flooding and erosion in coastal areas, particularly along the densely populated south and north Wales coastlines. Differing weather patterns could also bring about changes to the habitats and biodiversity of Wales, affecting plant and animal life.

Over 40 per cent of carbon dioxide emissions in the UK come directly from what we do as individuals, such as using electricity in our homes and driving cars. Tackling emissions and climate change will require all sectors, including individuals and communities, to take action. Sustainable development allows people to meet their basic needs and enjoy a good quality of life without compromising the quality of life of future generations. Social, economic and environmental issues should all be considered when developing plans for the future.

Responding to climate change in Wales

The Welsh Assembly Government is responding to climate change through several key strategies and policies:

One Wales commits to the following:

- a 3 per cent reduction in emissions per year by 2011
- carbon neutrality for public buildings, and
- the establishment of a Climate Change Commission for Wales. The Commission will ensure that the public sector, businesses, the voluntary sector and non-governmental organisations are involved, and will draw on expert advice from key environmental organisations.

The *Wales Climate Change Strategy* will be developed for consultation in 2008. It will set out how the Welsh Assembly Government will achieve the *One Wales* commitments. It will set targets for reduction in emissions and set out what we need to do to adapt to the impact of climate change.

The *Environment Strategy (2006)* and its *Action Plan* set out the Welsh Assembly Government's long-term vision for the environment and sustainable development in Wales.

Specific policies and action plans for combating climate change and its effects are set out in The *Adaptation Action Plan*, which sets out actions to respond and adapt to climate change and its impact on health, biodiversity, buildings and infrastructure and the economy.

Central to the successful implementation of all the policies is the need to raise awareness and provide support to engage all sectors, including local communities in planning and action to address climate change.

Case Study: The Centre for Alternative Technology Machynlleth, Powys

The Welsh Assembly Government supports the Centre for Alternative Technology (CAT). It is an eco-centre with a difference. Formed back in the mid 1970's, CAT has gone from strength to strength during the decades, spawning many spin-off companies and organisations and skilling-up thousands of professionals for the environmental sector. CAT's biggest achievement is the tireless championing of the practical solutions to climate change through an interactive visitor centre, practical residential courses and unique Masters study programme. CAT has inspired, informed and enabled thousands for thirty-five years.

CAT promotes renewable energy technologies alongside green living principles and the techniques and materials of the green building movement as the three tools that will help build a sustainable future now. CAT also works to communicate the science behind climate change in a format that is understandable for different audiences, from school pupils, to householders, from business leader to policy makers. It is CAT's broad pallet of services and expertise that makes it Europe's leading eco-centre.

As climate change, species die-off and diminishing fossil fuel resources have impacted on more and more people, there has been an increasing strain put on CAT's resources:

CAT answers thousands of queries every year through the free Environmental Information service, helping people make sustainable life choices.

CAT hosts thousands of school pupils every year on educational visits.

CAT welcomes tens of thousands of visitors who learn from the interactive display circuit.

CAT supports a growing network of 8,000 members.

CAT helps hundreds of businesses become more sustainable through the consultancy service.

CAT skills up more than a thousand course participants every year through the residential course programme and Masters courses.

CAT's expertise will inform the transition to sustainability over the next few years. The Wales Institute for Sustainable Education will help CAT cater for thousands more visitors every year.

The Big Lottery Fund (BIG) has invested over £12 million in environmental projects in Wales. Specific funding programmes have created and developed green spaces, and set up waste management projects and renewable energy schemes. Environmental projects have also been funded through programmes such as the **Awards for All Wales** small grants scheme

and the **People and Places** programme. These programmes have a broader community remit which can include environmental projects but are not specifically targeted at supporting sustainable development and adapting to climate change.

The *Cleanstream* programme invested nearly £3 million in 20 projects across Wales that aimed to:

- Increase the amount and range of materials diverted away from landfill by providing the infrastructure to collect material and establish new waste recycling, reuse and composting projects
- Increase the number of households that re-use, recycle and compost waste.
- Develop sustainable communities by building on the existing skills base and to give opportunities for all to participate and increase awareness.

The *Enfys* programme awarded £6.4 million to projects for increasing the quality and quantity of green spaces, playing fields and sustainable development projects in communities throughout Wales.

The **Transforming Your Space** programme awarded £3 million to enhance the quality of local communities by supporting schemes that improve the quality of the local environment by

producing social, economic, educational, health, environmental and general regenerative benefits, that were consistent with local and national sustainable development strategies.

The **Renewable Energy** programme awarded almost £1.15 million to three projects in south, mid- and north Wales.

The **Breathing Places** programme is a small grants programme developed in partnership with the BBC. It complements the BBC's Breathing Places campaign by giving funding for small groups. Over £650,000 has been distributed across Wales for projects that improve the local environment or create new breathing places for communities and wildlife.

Communities in Wales are becoming increasingly aware of the need to consider climate change and sustainable development within the development of their projects. This highlights the need for targeted funding to promote and support the engagement of all sectors, especially engaging local communities to develop their awareness.

Case Study: St David's Eco City Group

The Big Lottery Fund awarded a grant to St David's Eco City Group to deliver the St David's Natural Capital City Eco Trail project under its Transforming Your Space programme. The three-year project aimed to create an eco-trail around the St David's peninsula, allowing people to walk, cycle or use public transport instead of vehicles. The eco trail featured existing environmental technologies and showcased sustainable development and raised awareness of climate change issues.

A steering group was set up to monitor progress of the project and to evaluate feedback. Local residents, businesses and young people were consulted on the project. The project linked into the Welsh Assembly Government's Sustainable Development scheme, Community Plan for Pembrokeshire and the Local Agenda 21 Action Plan.

The eco trail had interpretation panels to allow people to learn about bio-diversity and climate change. It also showcased eco friendly modes of transport, including gas powered bus and hydrogen-powered bicycles. It also featured a wind turbine and solar thermal installation to promote alternative energy.

The project was successful in demonstrating and promoting bio-diversity and climate change as well as encouraging people to exercise through walking and cycling. The eco trail formed the first phase in the Eco City Group's longer-term aim to make St David's the UK's first carbon neutral city.

QUESTIONS:

Which specific areas of need should be targeted within this investment area so that the money makes the most impact?

How can the policy aim identified above contribute to addressing need within this investment area?

Please provide examples of good practice that can help to deliver the aim identified for this investment area.

4. Distributing funds from dormant accounts

The previous sections have looked at the Welsh Assembly Government's priorities for investment. This section asks you about how the dormant accounts funds should be distributed in Wales. We want you to tell us your views on the best methods for making sure that the Big Lottery Fund distributes this money so it makes a lasting impact on both young people and climate change.

We have outlined four ways of distributing funds from dormant accounts below, but this is not an exhaustive list. We have listed some of the pros and cons associated with each approach, and we are interested to know of any other approaches that you think should be considered.

This section also considers whether funds from dormant accounts should be targeted in a strategic or a demand-led way – we explain what we mean by this later on.

As you read through this section, please consider the following questions before providing your answers on pages 17 and 19.

Which of the distribution mechanisms do you think is the most appropriate for distributing these funds? Please say why.

Are there any other mechanisms which you feel should be considered, and why? (for example, a mix of grants and loans, expendable endowments)

Taking into account the pros and cons of the strategic and demand-led approaches, which approach do you think would be the most effective method for distributing this money? Please say why.

Approaches to distributing funds

Grants

A grant is a fixed sum of money awarded for a particular purpose that does not need to be repaid. Typically, grants are awarded to support projects over a limited period of time to deliver agreed outputs and outcomes.

Grants can be made as a one-off payment or can be paid by instalments over a set period or number of years. They are usually made under an agreement, and those receiving them must meet a number of terms and conditions.

Grants are relatively easy to distribute and would be familiar to most of those applying for dormant account funding. They allow the rapid distribution of money and a relatively quick delivery of outcomes. However, they are time limited and organisations can find it challenging to sustain the funded activity after the grant has been spent.

Contracts

A contract is a legally enforceable agreement between parties. Organisations could be awarded contracts by the Big Lottery Fund to deliver clearly specified goods and/or services. Both the Big Lottery Fund and the organisations would be legally bound by the terms of the contracts. This means that most people understand what a contract requires them to do. If it is breached, it could be enforced in the civil courts. Contracts must be procured (bought) by public bodies like the Big Lottery Fund in line with European Union rules.

By delivering funding through contracts, the Big Lottery Fund could be far more explicit about what it wants those delivering the contract to do and it could specify precise milestones for them to achieve. If used to its full potential, contract management should produce exactly what the organisations originally intended, on time and within budget. This approach could be particularly useful if a strategic approach is needed (see page 18).

Grants to a Trust: Endowments

An endowment is a grant that is invested to produce an income, and is “in trust” to achieve desired outcomes. The grant can be awarded to new or existing organisations that would act through specified trustees. Under such an arrangement, the Big Lottery Fund would prepare a trust deed that would outline how the money should be used. This trust deed would stipulate the date by which all of the grant – and the income it generates – should be committed.

The advantage of an endowment is that it gives the organisation that holds it a degree of security and a guaranteed future income. However, endowment grants must be large if they are to generate a worthwhile income. This income could also vary depending on how successful the investment has been. An endowment of £1million could be expected to generate an annual income of £70,000 based on a 7 per cent annual return.

Loans

A loan is the temporary provision of funds where a lender provides a borrower with a sum of money under the expectation that the money will be paid back in full. The repayment of the loan may also include a rate of interest and would be reinforced through an agreed and legally binding repayment schedule.

Loans have the potential to generate an ongoing and “recyclable” source of finance that could be tailored to the needs of the third sector. Increasingly, they are being looked on as the most appropriate way of supporting the development and expansion of third sector activities that are expected to generate an income stream, especially social enterprises. They may encourage organisations to be less reliant on grants and encourage them to use different types of finance, making them more self-reliant in the longer term.

QUESTIONS:

Which of the above distribution mechanisms do you think is the most appropriate for distributing these funds? Please say why.

Are there any other mechanisms which you feel should be considered, and why? (for example, a mix of grants and loans, expendable endowments)

A strategic or a demand-led approach?

A strategic approach

The Big Lottery Fund is experienced in delivering programmes that support projects that achieve specific aims and outcomes. We call this a strategic approach. The example below shows how a strategic approach could be used to distribute dormant accounts funding to support young people – it is just an illustration:

A programme could be developed that seeks to work in the top 5 per cent of the most deprived areas of Wales to support young people between 16-25 in the criminal justice system and are not in education, employment or training to gain financial skills.

As can be seen, such an approach lends itself to achieving specific aims and reaching specific beneficiaries, and helps to focus on those areas where the greatest need has been identified.

A strategic approach has the advantage of being able to define a clear and limited niche. Such an approach is more likely to make an impact in an area when funding is limited. The approach makes it easier to ensure that there is a joined up approach between a limited number of projects. This helps to gather and share good practice for future learning. In addition by limiting the number of applications received, administration costs are minimised allowing for more money to be spent on awards.

The focused approach of a strategic programme can restrict potentially valuable projects from applying which may seek to deliver wider but valuable outcomes.

A demand-led approach

The Big Lottery Fund has also delivered programmes that are demand-led. By demand-led, we mean programmes supporting projects that achieve broad aims and outcomes that are defined by the applicant but fit under a broad overall outcome or outcomes. The example below shows how a demand-led approach could translate into a broad aim for supporting young people.

A programme could be developed that seeks to support young people in gaining the life skills they require to achieve their potential.

The demand-led approach allows applications from a wide variety of applicants, running diverse projects with a variety of self defined outcomes that deliver the broad programme outcomes.

This approach is popular with applicants when developing project ideas as they find it accessible, but can attract criticism later on as they tend to be heavily oversubscribed, with only a small percentage of the applications actually getting supported. The often-varied nature of the projects means that the overall impact of the funding could be less obvious when it is spread more thinly over a wider area. In addition the high level of applications can make them expensive to run.

QUESTIONS:

Taking into account the pros and cons of the strategic and demand-led approaches outlined above, which approach do you think would be the most effective method for distributing this money? Please say why.

Are there any other mechanisms which you feel should be considered, and why?

5. Additional comments

If you would like to make any additional contribution to the consultation please do so here.

Thank you for completing this form.

The closing date for responses is 5pm on Friday 14 November 2008.

Please return your completed consultation by email to:

dormantaccountswales@biglotteryfund.org.uk

Or by post to:

**Dormant Accounts Consultation
Big Lottery Fund
6th Floor
1, Kingsway
Cardiff
CF10 3JN**